Liberty

NOT THE DAUGHTER BUT THE MOTHER OF ORDER — PROUDHON

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"For always in thine eyes, O Liberty!
Shines that high light whereby the world is saved;
And though thou slay us, we will trust in thee."

JOHN HAY.

The Capital Controversy.

To the Editor of Liberty:

I consider the question of the status of money—whether money be capital or not—as of very great importance. It is because money has been generally regarded as a form of wealth that interest seems to have a real justification. Once let it be understood that money is not a thing, but a system, and many of the misconceptions circumscribing the subject will be dispelled

Money is a labor-saving system of book-keeping. It is a convenient modus of keeping account of credits.

A merchant's books are not wealth; hence they cannot be capital. They are memoranda of wealth which he has agreed to deliver and which has been agreed to be delivered to him. The books are merely aids to his memory. When a merchant deplores the "credit system," it is really the complicated book system he has in mind. The less complex system of credit by certificates insured by a good bank would be satisfactory to him, without doubt.

There are two ways in which commerce can be conducted. One is exchange of commodity for commodity,—barter. The other is exchange of commodity for credit, and, if the credit take form,—as, for instance, the form of certificates insured by a bank,—money.

Money is an evidence of debt. If the debt be well secured, and the certificate of the debt be so drawn as to carry forceful conviction that it is well secured, then such evidences of debt will pass from hand to hand in exchange for wealth, and such certificates of debt will be money.

Money is a labor-saving device for the facilitation of exchanges. It avoids the need of sending the wealth along with the promise to exchange or deliver wealth or services. When a certain bulk of bullion is fashioned into the shape of coin (indicating the quantity and value of the metal so coined), the shape and size of the coin is the money, and the metal is the wealth which is sent along with the shape to prove its worth.

The money issues of a coöperative bank do not perform the function of gold and silver coin. They better perform the function which gold and silver coin was designed to perform.

Credit is not a thing. It is a quality. It is a part of the intelligence of mankind and inheres in man himself.

One's credit is a part of himself. It is his credibility. If he have "good credit," his promise to deliver wealth or perform labor will be believed, and, if the promise be in writing, it will be money within a limited extent. If the maker of the written promise be known to have accumulated property, the money will be better money and circulate somewhat more widely than if he had no property. If he pledge his wealth,—pledge himself to deliver his wealth at some future time in the event that he cannot otherwise redeem his promise,—there will be a further improvement in the quality of the money. But if he mortgage his wealth to a bank, and the bank accepts his written obligation to give up his wealth in the event that he cannot otherwise meet his promise, and if the bank thereupon issues its own notes to him in exchange for his notes, then there is issued the best form of money, because it is the best system of utilizing credit. This money will circulate wherever the bank is known to be a conservatively managed institution issuing no notes except upon the faith of ample security pledged to be delivered in case of certain contingencies.

The editor of Liberty has said: "The bank performs the same service that is performed by the registry of deeds office in the case of land transfers,—that of making the title more secure in the eyes of the parties interested or liable to become interested." I agree to this. But the certificate issued by the registrar has none of the power or capacity of the transferred land. The certificate is merely a certificate, after all. And the same is true of the credit certificates issued by the bank. The bank here occupies the position of an insurance company. It assures all men that its notes are based upon tangible property worth considerably more than the amount of the bank-notes issued to the mortgagor. The money is somewhat similar to a policy of assurance. The policy is not the paper upon which the guarantee is inscribed. The paper is the durable form upon which the guarantee is recorded. It is the guarantee of the bank which is the money.

You say: "In reality the money is not the paper, but is the monetary power or function or capacity naturally inhering in the wealth which the paper represents." I contend that there is no monetary power inhering in wealth. Whatever there be of such power inheres in man. It is the power or sagacity to make exchanges on credit, and the credit in turn is based largely upon the known ability of the debtor to meet his obligations. He gives the bank such security as warrants the bank in giving assurance of security to all the world, and the bank's certificates (money) are the tangible forms of this assurance.

The discovery that the possessor of wealth could inspire his neighbors with confidence in his credit was not in itself an addition to the wealth of the world. It is true that the discovery tends to overcome the wastes, inconveniences, and labor incident to barter, and thus will liberate some labor from that form of service, allowing it to be utilized in other directions. But the discovery of the process was merely an advance in human sagacity, and, being a part of man himself, it cannot be classed as wealth. Nor is wealth *used* in the transaction of credit. It is only used in case the debtor fails otherwise to redeem his promise. In fact, the chief value of credit over barter lies in the fact that the use of the wealth is obviated.

"Monetary power" is a term which cannot be used as applying to wealth without ascribing to wealth some such metaphysical qualities as matter-of-fact commerce has never yet recognized. Unless the symbol may be said to be "the soul" of the thing symbolized, I cannot conceive of any such power inhering in a thing. If it were at all proper to regard the symbol synonymous with the thing, then money may be truly said to be debt, since money is really the symbol of debt.

Many of the social injustices which stand between man and his comfort have their origin in the superstition that money is "the soul of wealth," and that wealth has a monetary power which can live apart from the body.

There is no such process possible as the monetization of wealth, except by barter. There can be monetization of credit. It is the monetization of credit for which the advocates of the mutual bank should contend.

One of my objections to the terms of your syllogism (the one most particularly applicable to this controversy) is that money is not a thing.

HERMAN KUEHN.

CHICAGO, ILL.

What Constitutes a Definition?

To the Editor of Liberty:

The definition of a word is not decided by the dictionary or by the dictum of any man or set of men. In logical discussions definitions must be accurate, and there can be no agreement on the conclusion unless there is an agreement as to the exact meaning of the words composing the logical formula of the syllogism. Hence it matters not what John Stuart Mill, Adam Smith, George A. Schilling, Wordsworth Donisthorpe, or Benjamin R. Tucker says capital is; the true definition of the word must be one which will include its usage by all men who use the word with any degree of intelligence.

The trouble with the definitions given in Liberty (No. 279) is that they are too restrictive; hence they are not definitions, for a definition must define or give the utmost limits of a word's meaning. It appears to me that each one of the writers contributing to the interesting symposium on capital builds his definition with the deliberate intent to establish a theory which he could not establish by using either of the other definitions given. Now, regardless of theories, what is generally—yes, invariably, for it must be invariable to form the basis of a definition—I say, what is invariably meant by any one who speaks of capital?

I answer: Anything which can be exchanged for labor or the products of labor.

This must include, of course, not merely the products of labor, but also brains, skill, and muscular strength; also natural products, such as timber, water-power, etc.

Such is the general and broad meaning of capital,—not according to dictionaries or political economists, but according to actual usage. Let that definition be kept in mind, and confusion will be avoided. As for money, stock, etc., they are mere forms of capital, and each may require a separate definition to show the distinction of one form from another. A horse is a quadruped, true enough, but a definition of the word quadruped is not a definition of the word horse. No accuracy can be arrived at in reasoning where generals are not distinguished from particulars. If I have correctly given the general definition of capital, it follows that money is capital, because it can be exchanged for the product of labor or for labor itself. It remains then to determine how capital in the form of money differs from capital in other forms. A correct expression of the distinguishing differences, I apprehend, will be the proper definition of the word money. I will not attempt to give that definition, but I hope I have shown that it is not the equivalent of the definition of capital.

JONATHAN MAYO CRANE.

CHICAGO, ILL., AUGUST 7.

The Root of Vice.

[Helvetius.]

The vices of the people are, if I may say so, always hidden in the depths of legislation. There must we search, if we would tear up the root productive of these vices.

The Legislator Defined.

[A. Guyard.]

Legislators are men who make rules for others and exceptions for themselves.

War and Peace.

[Herodotus.]

Peace is the time when sons bury their fathers; war, the time when fathers bury their sons.

Liberty.

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"In abolishing rent and interest, the last vestiges of old-time slavery, the Revolution abolishes at one stroke the sword of the executioner, the seal of the magistrate, the club of the policeman, the gauge of the exciseman, the erasing-knife of the department clerk, all those insignia of Politics, which young Liberty grinds beneath her heel." — Proudhon.

Individualism in Ethics.

To the Editor of Liberty:

I regret to have to take Victor Yarros to task. He is generally an intelligent and vigorous champion of the Anarchistic principle. But his reply to the "Republican" in Liberty of May 6 (albeit for the most part effective enough) contains some loose thinking, and a lack of that logic and discrimination which he so freely and persistently charges his opponent to be deficient in. I refer to his criticism of the last paragraph but one cited from the "Republican," wherein he rebukes that journal for harboring (1) "the notion that the Anarchist insists on being the judge and interpreter of the ethical rules by which he is to be governed, and (2) the assumption that government by consent means that rules are binding only while consent to belong to the voluntary association for defence continues."

(1). To ignore the fact that Mr. Yarros here directly denies the cardinal principle of Egoism, which Liberty is supposed to espouse, it would be interesting to know *who*, under a regime of Anarchism (or *equality of rights*), has the superior right to judge and interpret the individual's conduct! Mr. Yarros may urge that he has anticipated me in his assumption that "Equal liberty is a scientific conception." But let him make no mistake. A scientific conception is a very local affair. A scientific demonstration is another thing. The State Socialist regards collectivism as an eminently scientific conception, just as Professor Huxley has latterly come to regard a "Privy Council" as a scientific conception. Again, the doctors, who thrive on disease, regard vaccination as an undoubted scientific conception, notwithstanding that sane persons know well enough that it is merely a State device to take the spirit of revolt out of the people by inoculating apathy into their blood. But I am digressing. Equal liberty is no more a scientific conception than the immaculate Mary's was. Take a case: A locates himself on a given spot and builds a house and settles down. B appears on the scene a little later and erects a house for himself just over the way. So far, good. But presently A discovers to his mortal horror that B is a distinguished member of the Salvation Army, who occupies his nights and early mornings in a futile effort to learn the playing of the trombone. In spite of A's blastings, B positively refuses to desist from his, and, being an out-and-out Egoist-Anarchist, says: "Mutualism be damned!" The effect of all this is that A's rest is so disturbed week after week that insomnia eventually develops. An alarming state of affairs, surely; for A has to summon, and pay for, medical attendance, and that, it may be taken for granted, is no small matter. Now, it is clear that A's liberty has been violated by B, somehow or other: but A has the indisputable right, it is true, to annoy B in precisely the same, or a similar manner. This is legitimate, considering the conditions of equal liberty; to be sure, such a course would probably have the merit of making B come to terms, to dispose him to reconsider the expediency, at any rate, of mutualism. But how does Mr. Yarros's "voluntary" association stand? It would summarily *punish* B, by fine, imprisonment, or what not, on the system of lynch-law, without the slightest authority *derivable* from equal liberty whatsoever. If it would not do this, then it would be an utterly superfluous institution from its own point of view, and be utterly abortive as well.

(2) The "government by consent" doesn't mean government by consent! Could inconsistency go farther? "We do not propose," says Mr. Yarros, "to ask a man convicted of a breach of equal freedom whether he approves of the course taken with him or not. *Nor would it matter whether he still belonged to, or ever joined, the voluntary association.* (Italics mine) . . . . . Equal liberty would be enforced in all cases and under all circumstances," etc. I cannot conceive a more sophistical device to perpetuate tyranny than Mr. Yarros's conception of the "voluntary association." In what respect, pray, save in name, does such an association differ from the existing State, — I mean, of course, its penal department? Mr. Yarros has given himself away. It is only possible to determine equal liberty on general principles; if I may be excused the crude expression (in not being able to think of a better one), it has no details, for one man's liberty is not another's. And, as Warren truly puts it, "Liberty defined by others is slavery." To say the least, its reduction to exact science is as yet an unsolved metaphysical problem, in spite of Mr. Yarros's assumption of omniscience in the matter. But he doubtless means well. He is merely suffering from an acute attack of the same disease as that of his Republican opponent. But if he had averred Anarchy in the concrete to be *impossible* until all men had so changed front morally as not to *desire* to invade one another; if he had declared that any scheme of mutual defence was essentially a compromise with the principle of *government* (however necessary or expedient), against which Anarchy proper is the protest, instead of making an absurd attempt to *harmonize* these antagonisms and label *them* Anarchism, — then his criticism of the "Republican" might have been something to the point.

Henry Seymour.

51 Arundel Square, London.

I regret to have to waste time and space on an analysis of Mr. Seymour's alleged criticisms and implied conceptions. The distinctions drawn in the rejoinder to the "Republican" may be too subtle for Mr. Seymour and some others who choose to attach to their nebulous and shifty and crude ideas of politics and ethics the label "Anarchism"; but I really am weary of the interminable discussions with those who, though fundamentally at variance with the position which is recognized by all logical thinkers as distinctively Anarchistic, profess general notions and affect a phraseology which superficially seem to entitle them to represent Anarchism. It must be apparent at a glance to the discriminating reader that Mr. Seymour's Anarchism and that expounded editorially in Liberty are totally dissimilar; and the only relevant criticism on the part of either exponent would be to charge the other with usurping the term Anarchist and seeking to impose under its guise principles essentially invasive and governmental. Mr. Seymour is not sufficiently emphatic and severe with us (I say with us, for Mr. Tucker is my accomplice both before and after the fact), and this points either to a lack of courage or to a lurking consciousness of weakness in his own conclusions. My method shall be different. I do not hesitate to charge that Mr. Seymour has failed to grasp the philosophical Anarchistic doctrine, and that what he, in his confusion and ignorance, regards as deviations from right principle in the article referred to by him are in truth inevitable corollaries of first principles.

Mr. Seymour holds that the Anarchist does (and consistently must) insist on being the judge and interpreter of the ethical rules by which he is to be governed. Mr. Seymour champions what he calls "individualism in ethics," and accuses me of traversing the cardinal principles of Egoism as well as Anarchism. It is easy to show that Mr. Seymour's Egoism is not at all the Egoism espoused by Mr. Tucker, and that his Anarchism has little affinity with that advocated by Liberty's editorial writers. We are of course not to be held responsible for Mr. Seymour's ideas, and to an accusation of inconsistency on our part with *his* teachings we shall cheerfully plead guilty.

To bring out the difference between our Anarchism and that of Mr. Seymour, let us take a case. Suppose the State out of the way, and one large voluntary association in its place. Suppose further that murder and theft are among the "Don'ts" of the association. Suppose finally that one member disregards the interdict and commits a murder or robbery. Would Mr. Seymour approve of the punishment of this member from his peculiar point of view? Doubtless he would; otherwise the voluntary association has no *raison d'être*, and there is no protection against aggression. But would the prisoner be the judge and interpreter of the ethical rules by which he was governed? Certainly, Mr. Seymour will answer; when he joined the association, he knew and approved and submitted to its ethical rules; hence he consents to his own punishment. Very well; let us introduce a little variation. Suppose the member, prior to the commission of the crime, duly severed his connection with the association. His status, manifestly, at the time of the collision with the rules of the association, was not different from that of a man who had never joined the association at all. What would Mr. Seymour have the association do with such an "external" aggressor? If Mr. Seymour's Anarchism imports that an individual must always be the judge and interpreter of his own conduct, then such an outside invader cannot be punished *unless* he penitently surrenders himself and declares in Clifford language that his "tribal self" sternly reprobates the act committed by his "individual self" and condemns him to punishment. Should the man happen to be at one with himself and calmly declare that his own ethical rules permit such "forms of competition" as murder and robbery, the association cannot punish him without violating "individualism in ethics."

Rational people will require no further argument. It is obvious that Mr. Seymour's "individualism in ethics" is rubbish, a meaningless catch-phrase coined under a system of moral free-coinage which dispenses with all standards of value and meaning.

I am willing to believe that Mr. Seymour is really puzzled by the apparent discrepancy between "government by consent" and the statement that men would be punished for infractions of equal freedom without regard to their own alleged ethical philosophy. But the hypothesis of Mr. Seymour's honesty involves a serious reflection on his acumen. He ought to know that "government by consent" is a self-contradictory phrase, in employing which Anarchists merely adapt themselves to the terminology of their superficial critics. Government being defined by Anarchists as *invasive* interference with others, it is obviously absurd to speak of government, or invasion, by consent. Protection against aggression, or punishment of aggression, is not "government" according to Anarchist definitions; hence to punish a man for a breach of equal freedom is not to "govern him." Is Mr. Seymour still prepared, after this correction, to pretend that my conception of the "voluntary association" is merely a sophistical device to perpetuate tyranny? If he is, I plainly tell him that he

writes without any knowledge of the meaning of the terms he uses. A voluntary association which punishes unmistakable breaches of equal freedom, and these only, a perpetrator of tyranny! What is tyranny, pray? Tyranny is aggression, violation of equal freedom; and Mr. Seymour's proposition amounts to this, — that resistance to tyranny is itself tyranny, the enforcement of equal liberty a transgression of equal liberty! In what respect does my "association" differ from the existing State, then? asks Mr. Seymour. So stupid is this query that one is actually ashamed to notice it. Why, does the existing State punish nothing but violations of equal freedom? What is our grievance against the State,—that it punishes non-invasive, proper exercises of individual powers, or that it punishes invasion without procuring the consent of the invaders to such punishment? The "association" would punish nothing but invasive conduct; the existing State punishes much that is not invasive at all. The person who does not appreciate this difference has no business to leap into the arena of public discussion.

But I am not really surprised at Mr. Seymour's blundering criticisms. What can be expected of one who thinks that "equal liberty is no more a scientific conception than the immaculate Mary's was"? Mr. Seymour is ignorant of the import of equal liberty. His illustration shows that to him equal liberty signifies the right to retaliate, to pay in the same coin. If one man annoys another and this other is allowed to annoy his annoyer in a similar manner, the requirements of equal liberty are fulfilled, in Mr. Seymour's opinions. That the annoyed should procure the punishment of the annoyer, he thinks a piece of tyranny; for such punishment there is not "the slightest authority derivable from equal liberty whatsoever."

Now, equal liberty does not signify the opportunity or right to retaliate. The question whether a man who injures or annoys another man may be rightfully punished is determined simply by the nature of the injury or annoyance. If the annoyance is clearly and unmistakably an interference with the freedom of the fullest exercise of faculties compatible with equality of such freedom, then equal liberty distinctly authorizes the punishment of the offender. If there is any doubt about the aggressive quality of the annoyance, the benefit of the doubt is given of course to the annoyer. In *such* cases the annoyed may resort to the policy of giving the annoyer a dose of his own medicine. It is true that equal liberty does not enable us to decide promptly in all cases whether an alleged aggression is really an aggression; but this fact is irrelevant in the present discussion. Where an aggression is not clearly proved, no punishment is inflicted. What I had reference to is the punishment of *breaches* of equal freedom, not of actions the invasive quality of which is not generally admitted. The only question between Mr. Seymour and Liberty is whether the opinion or pretended opinion of the individual on trial is entitled to more weight than that of the entire community concerned in the outcome of the trial. Mr. Seymour's contention is that it is tyranny and Archism to punish a man for murder or robbery if he insists that with *his* ethics murder and robbery are not inconsistent. My proposition was that the man's opinion is not solicited, and that his guilt and punishment is a matter which the community decides in the light of the principle of equal liberty.

Mr. Seymour's concluding sentences introduce us to his positive theory of Anarchism, and disclose the divergence between his conception and ours. No fault would have been found with me if I "had averred Anarchy in the concrete to be *impossible* untill all men had so changed front morally as not to *desire* to invade one another"; if I "had declared that any scheme of mutual defence was essentially a compromise with the principle of government," etc. In other words, Mr. Seymour would not have criticised me if I had accepted his view. But I do not accept his view, and his implied definitions of Anarchism and government I have repeatedly challenged and rejected. Mutual defence is not necessarily a compromise with government, for government is aggression, and defence *against* aggression is not government. I fail to see why men who organize, not to invade, but to resist invasion, must necessarily become invaders. If, then, mutual defence is not necessarily a compromise with government, it follows that "Anarchy in the concrete" is *not* "impossible until all men had so changed," etc. For Anarchy is absence of government, or aggression and people who refrain from all aggression and respect every liberty except the liberty to aggress are Anarchistic and exemplify Anarchism in the concrete.

V. Y.

In Answer to My Critics.

Despite the insignificance which in Mr. Bilgram's mind characterizes the question whether money is capital, I agree with Mr. Kuehn in considering it an important question. Not that the way in which we use a word alters any essential truth. Economic principles remain the same whether our definition of capital embraces money or excludes it. But, however independent of definitions principles may be, a widespread comprehension of principles depends more upon definitions than upon anything else. Theories which are intelligible at all are generally intelligible in proportion to the precision of the terms in which they are stated. Mr. Kuehn and Mr. Bilgram think it easier to meet the champions of interest by separating money from capital; I think it easier to meet them by considering money as a form of capital. Which of us is right is a question of importance to all opponents of interest, since upon its decision depends to a large extent the rapidity with which our doctrine spreads.

"What!" objects Mr. Crane; "frame a definition with a view to establishing a theory?" Certainly; why not? For what purpose do we need definitions other than that of making ourselves understood? If I have a theory, and can more readily make my neighbor understand it by using certain words in a certain way, why should I not so use these words in addressing him, first warning him, of course, of my intention. I like Mr. Bilgram's egoistic fashion of using words as tools for the best expression of his own thought, and I do not like Mr. Crane's communistic fashion of so defining words that their definitions include, or make a bluff at including, all the meanings that have ever been attached to them by sane men. The man who undertakes to blend in one definition all the conceptions of sane men on any given subject must be prepared to make the "greatest effort of his life." Mr. Crane himself, in defining capital, falls signally short of his own standard. He says that capital is "anything which can be exchanged for labor or the products of labor," and this definition he defends on the ground that it is "what is invariably meant by any one who speaks of capital with any degree of intelligence." This defence will not do, because the definition does not express what I mean when I speak of capital. I define capital as "everything not labor that plays a part in production." Now, this includes, for instance, sunlight, which certainly cannot be exchanged for labor or the products of labor. Mr. Crane may reply, of course, that I do not speak of capital with any degree of intelligence, but in that case the readers of Liberty, I fancy, will say of his definition of intelligence what he says of my definition of capital, — that it is "too restrictive." Besides, if Mr. Crane is to decide who is intelligent, the inclusiveness of his definitions is a good deal of a sham, and the communist appears as egoist after all, — as indeed all communists are, only they don't know it. I grant that, if Mr. Crane finds his definition of capital the most convenient for his purpose, it is the best definition for him; therefore, whenever he uses the word, I will keep his definition in mind. But I really see no more basis in the fitness of things for the definition of capital as "anything which can be exchanged for labor or the products of labor," than for its definition, for instance, as "anything which can be seen with the naked eye." To finish with Mr. Crane right here, I will ask him why he hopes he has shown that the definition of money is not the equivalent of the definition of capital, the contrary position having been taken by no one in this discussion.

Having shown the importance and purpose of definition, and having defended the individual method of definition, I have now a few words to say in answer to the criticisms upon my syllogism establishing that money is capital. My argument, it will be remembered, was based upon the premises that "everything not labor that plays a part in production is capital," and that "money is a thing not labor that plays a part in production." To this there are two objections advanced, — one, by Mr. Kuehn, that money is not a thing, and one, by Mr. Bilgram, that money does not play a part in production. It is a fair inference, I think, that neither of these gentlemen endorses the objection of the other. Either objection, however, if established, is fatal to my syllogism.

Let me deal first with Mr. Kuehn. Since he denies that money is a thing, he should tell us his notion of a thing. I will tell him mine in the language of the Century Dictionary: "That which is or may become the object of thought; that which has existence, or is conceived as having existence; any object, substance, attribute, idea, fact, circumstance, event, etc. A thing may be either material or ideal, animate or inanimate, actual, possible, or imaginary." If Mr. Kuehn admits this definition and at the same time denies that money is a thing, then his conception of money is so extremely tenuous that it becomes him to have little to say about the "metaphysical" character of my monetary views. If he does not admit this definition, he is nevertheless bound to judge my argument in the light of my own definitions; and therefore I ask him, assuming my definition of the word

"thing," to point out the flaw in my syllogism. Meanwhile I assure him that I am in sympathy with much that he says about money in his article, and that a great deal of it I have said before him. I cannot allow, however, that "a merchant's books are not wealth." The very fact that they are memoranda, and useful memoranda, makes them wealth, especially as they are useful not alone to the merchant himself, but to his creditors and debtors, to whom they are a protection in case of dispute or fraud. The books are created at an expense, and this expense is paid by the merchant's customers in the prices of the goods which he sells them. If these customers did not regard the books as wealth, they would not be foolish enough to pay for them, but would buy of another merchant keeping no books and therefore selling cheaper. And this is precisely what they will do after the abolition of the money monopoly and with it the major part of bookkeeping, for then, as Mr. Kuehn points out, the bookkeeping will be done automatically, so to speak, and much more cheaply, by the currency itself. I cannot stop to consider whether money is an "evidence of debt," or a "quality," or an "assurance policy." None of these points are material in dispute of my syllogism. Is money "a thing not labor that plays a part in production?" That is the only question for Mr. Kuehn. He admits that it plays a part in production when he pronounces it a "labor-saving device." He has denied that it is a thing, but can he deny it any longer? It may or may not be an "evidence of debt," "a quality," or an "assurance policy," but, be it any, all, or none of these, in any case it is a thing. It is also immaterial whether at bottom the monetary power inheres in man. There is a sense in which all productive power inheres in man. There is no digging power in a spade; it inheres in man. But a spade is capital nevertheless. I contend that knowledge, skill, credit, strength, and all useful things whatsoever, being things not labor that play a part in production, are capital.

My answer to Mr. Bilgram shall be short. He tells me that money plays a part, not in production, but in trade. I deny the distinction. Trade *is* production, — that is, it is a part of production. And everything that saves labor in this part of production, or in any other part, is capital. And that money so saves labor by avoiding the necessity of costly transportation will not be denied by Mr. Bilgram. He himself says that production includes the transfer of the immature product from hand to hand. Now if in the absence of money the immature product has to be transferred say a dozen times before reaching the consumer, and if by the use of money say nine of these transfers are avoided, it is indisputable that money plays a part, and a very important part, in production. This being the case, it follows that wealth which is put to two uses at once, one of which is monetary, is capital both because of its capacity as money and because of its primary capacity.

It remains only to say to Mr. Byington that I have not the smallest objection to the adoption of a term for the purpose of distinguishing that wealth which is not product. If "raw material" is not good enough for the purpose, let Mr. Byington improve upon it. But I think it irrational to confine the term capital to product only, since the purpose of the word capital, in my view, is to distinguish from labor in production that which labor uses in production.

T.

The position taken by Mr. Yarros in his answer to Mr. Seymour is substantially my own. I should like, however, to modify, or perhaps only explain, his remarks on the right to retaliate. This right is simply the individual right of self-defence, from which alone the right of associative defence is derived, and which therefore no defensive association can deny. If A invades B, B may, if he chooses, adjudge A guilty and punish him. Of course it is then open to A to complain to the defensive association that he has been invaded by B and to thus procure B's arrest and trial. But the question to be passed upon in the trial of B will not be whether B has done justice *himself*, but whether B has done *justice* himself. If the trial shows that B has done injustice, — that is, invaded rather than resisted or punished invasion, — he will be punished like any other invader. But if the trial shows that B has done justice, he will not be punished for doing it himself. Of course B, if he is a sensible man, will see that it is almost always better, under the sure and speedy justice which Anarchism will provide, to let the defensive association do justice for him; but, on the other hand, his good sense will keep him, in my judgment, from signing any contract whereby he relinquishes the right to do his own justice.

Comrade Mackay is now completing his brief visit to America, which has been a source of so much pleasure to comrades in many parts of the country, and especially in New York, Boston, Detroit, Chicago, Philadelphia, and Washington. This visit, however, has been marred by a great disaster, occassioning serious loss not only to our poet, but to us all. In Chicago a valise was stolen from him, the contents of which included the manuscripts of all the unpublished literary work which he has done within the last two or three years. It is probable that this work can never be done over again. I am sure that all the readers of Liberty join me in this expression of our sorrow. Our comrade will probably sail for Europe early in October. *Auf wiedersehen!*

The Communists are to hold in Chicago a so-called Anarchistic Congress. I received an invitation to take part in it. My answer was that, if I am to take part in any congress held in Chicago, it must be one of two things, — either a general labor congress bearing the label of no school and open impartially to all schools, or an Anarchistic congress, not only known as such, but managed by real Anarchists, and not by Communists. No real Anarchist who takes part in the proposed congress can ever thereafter complain when the capitalistic press confounds Anarchism and Communism.

Is Money a Productive Tool?

To the Editor of Liberty:

What has been gained by the "demonstration" that money is capital?

In studying the social question I found it best to study the subject at first independent of words, and, whenever the line of thought had formulated a concept for which a name would be a convenience I took from the vocabulary of the existing language that word that came nearest to my concept. I then appropriated this word for the purpose, defined it accordingly, and used it consistently in that sense.

In my study of the theory of interest it became necessary to segregate, by classification, money from the means of production, and, finding that the word "capital" was used by many of the modern economists in a sense synonymous to "means of production," or "unfinished products," or "immature wealth," etc., which was precisely what I wanted, I appropriated this term. In this sense a knitting machine, for instance, must be viewed, economically, as a large lot of stockings partly finished. I thus used the word "capital," by definition, in contradistinction from money, having a definite reason for so doing.

But you hold that money plays a part in production. In this respect my view differs from yours. Production involves chemical and physical changes and changes of location, including the transfer of the immature product from hand to hand, each temporary possessor performing his part of the work towards bringing the object to economic maturity.

Money plays no part in these operations. Its function is to facilitate trade. In a competitive system of production nobody is willing to hand his products to others without receiving an equivalent in return. Money is used to mediate the reciprocal transfer of something else to him who transfers his products to others. It performs a social function in accomplishing the transfer of the right of ownership. A study of the process of production can take account only of the act of the physical transfer. The question of the reciprocal transfer of an equivalent, of the remuneration for the delivery of things, is one pertaining to social science, to the study of the relations between man and man resulting from their efforts to produce things that gratify desires. To my understanding, remuneration is not part of the act of production. Money is a tool of trade, not one of production.

It must be admitted that wealth used as capital can at the same time perform the function of money through evidences conferring to their holders a qualified right of ownership to this wealth, but then it is capital not because of its capacity as money. It is capital incidentally, but not essentially. HUGO BILGRAM.

PHILADELPHIA, AUGUST 10, 1893.

Is Land Capital?

To the Editor of Liberty:

Mr. Donisthorpe ought to carry out his argument in your August number to its logical conclusion, which is that all wealth is capital. He has converted me at least to that view. Surely the seats of a theatre are capital, and would be treated as such by any economist; yet I do not know what is directly enjoyed, if they are not.

I cannot see what useful economic principle is lost by abolishing that part of wealth which is not capital. As I now look at it, the distinction between capital and other wealth is exactly parallel to the obsolete distinction between productive and unproductive labor.

As to your definition, "Everything not labor that plays a part in production is capital," it includes land. I agree that some things which are called land are capital, but I am hardly ready to lose land altogether as a distinct economic factor. According to your definition, the solidity of the ground over which I walk on a productive journey is capital. I do not think most would call it so, though, if that solidity were dependent on human care (as in a bridge), it would certainly be capital.

That whose existence does not depend on human action, if brought into private possession, is valued according to Ricardo's law of rent. That which is so dependent is normally valued according to the law, "cost the limit of price." Surely this is a valid reason for distinguishing between the two terms, land and capital. STEPHEN T. BYINGTON.

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